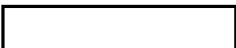


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Chief, Plans Staff
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Director of Personnel
5 E 56 Headquarters

Harry,

Per your request I have gone over APP another time to delete the reference to PRA's and underslotting and to achieve any other simplifications that occurred to me. In a formulation of this kind, a new viewpoint or guidance is sufficient to achieve numerous specific changes.

Although we have tried to remain flexible at all times in constructing the APP format, we think it is very important to retain in our minds the distinction between "people budgeting" and "people reporting." As in the case of money budgeting, it is necessary to use numbers to summarize alternative choices and program levels, decided upon in the planning process by line officials. The essence of budgeting is to develop and approve a plan at the beginning of a year. Reporting, an integral part of the planning effort, is an evaluation device for looking back and pinpointing corrective actions or revised goals.

In developing APP, we have concentrated upon those things that should be considered and approved in advance by the chain of command, i.e., a blueprint for personnel management.

I am forwarding the attached to you before the Wednesday meeting in order to facilitate our discussions at that time. I have marked up

(continued)